



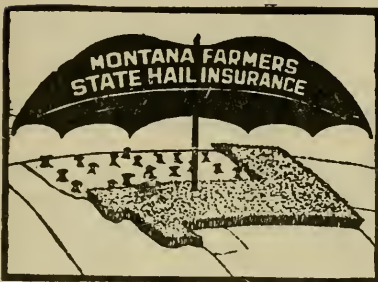
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## 22nd Annual Report

# STATE BOARD OF HAIL INSURANCE

To Montana Grain  
Growers



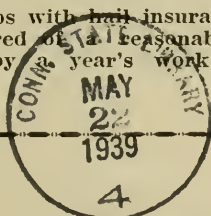
## 1938 BUSINESS SUMMARY

|   |             |
|---|-------------|
| Total risk written .....                  | \$2,505,423 |
| Premium charge .....                      | \$ 193,007  |
| Losses paid .....                         | \$ 126,129  |
| Policies issued .....                     | 2,670       |
| Loss claims filed .....                   | 524         |
| Total acres insured .....                 | 357,007     |
| Average insurance per acre .....          | \$7.02      |
| Average acres insured per farmer.....     | 134         |
| Number of days with hail .....            | 52          |
| Acres reported damaged .....              | 61,029      |
| Loss ratio .....                          | 5%          |
| Average cost of insurance .....           | 7.7%        |
| Aver. cost per \$1000 of protection ..... | \$77.04     |

**PAYMENTS ON STATE HAIL LOSSES  
CANNOT BE GARNISHEED OR ATTACHED  
BUT MAY BE ASSIGNED**

1938 makes the 20th successive year with  
all losses paid in full.

Protect your crops with hail insurance as soon  
as you are assured of a reasonable harvest.  
Hail may destroy year's work in a few  
minutes.



## HISTORICAL SUMMARY

The statute creating the Hail Insurance Department was enacted by the 15th Legislative Assembly in 1917. It provides for the administration of the Act by a board of five members, two of whom are ex-officio state officials, the state treasurer and the commissioner of agriculture, and three farmer members appointed by the Governor on the recommendation of farm organizations.

The early history of the department was marked by a series of trials and errors. No appropriation was made then or since to pay for any of the cost of operation. There were no records of hail districts and no workers trained for hail insurance work. It is a wonder that the department survived all the handicaps of its adverse start as well as the following years of occasional severe hail and disastrously low grain prices.

Gradually as experience records were tabulated, zones were established and the hail insurance law amended. Operating and administrative rules were improved and more equitable rates fixed, so that at the present time the department can look back over a 20 year period during which all losses have been paid in full.

During this period the state hail insurance department was the leader in downward revision of rates to the lowest figure consistent with sound business. The reduction of rates made by the State department was followed by other agencies writing hail insurance so that the saving to the farmers has accrued not alone to those carrying state hail insurance but to all farmers in the state who have carried hail insurance.

State hail insurance is the farmers' own department, operated for them through their own selected officials—namely the state board and the county assessors and treasurers. It constitutes a definite asset or advantage to the farmer of the state:

First. It supplies the machinery or organization for providing hail insurance to any farmer who desires such protection. This organization is composed of the county assessors to whom the application for insurance is submitted, and the county treasurers who collect the levies and transmit them to the state treasurer. Also the state treas-

urer who serves as custodian and accountant of the funds so collected. These services are rendered with no direct cost to the insured.

**Second.** The state office, where the administration of the department is conducted, all files and records kept, and from which trained and experienced field men or adjusters are directed.

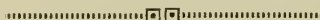
**Third.** A reserve fund is carried for use in prompt payment of losses and to insure full payment in years of unusually heavy losses.


**Fourth.** Another asset is what might be called accounts receivable, consisting of past due levies of previous years; a certain percentage of this is collected every year.

In these assets every patron of the Montana hail insurance department has an interest.

No form of insurance has yet been devised or offered the farmers that can take the place of hail insurance. The federal crop insurance plan is now offered for wheat alone. A careful study of its provisions should be made by every farm operator and a comparison made with its protection and costs, and that of the state hail insurance department. If federal insurance is already carried, additional hail insurance is permissible. Full information on hail insurance will be furnished by any county assessor or by the State Board of Hail Insurance, at Helena.

The maintenance of a sound, farmer-controlled hail insurance department is of paramount importance to the farmers of Montana, and to this end the State Board of Hail Insurance earnestly invites your continued patronage and support.





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# **DETAIL STATEMENT—RISK, LEVY, LOSSES, LOSS RATIO**

| County              | 1938<br>Risk<br>Written | 1938<br>Levy | 1938<br>Losses<br>Paid | 1938<br>Loss<br>Ratio | 20 Year<br>Average<br>Loss Ratio | Average<br>Cost<br>20 Years |
|---------------------|-------------------------|--------------|------------------------|-----------------------|----------------------------------|-----------------------------|
| Beaverhead .....    |                         | \$           | \$                     |                       | 1%                               | 7%                          |
| Big Horn .....      | 92,445.90               | 8,139.60     | 18,495.39              | 20%                   | 10                               | 9                           |
| Blaine .....        | 143,859.13              | 11,440.35    | 4,500.75               | 3                     | 4                                | 7                           |
| Broadwater .....    | 2,890.00                | 202.30       |                        | 0                     | 2                                | 7                           |
| Carbon .....        | 22,075.00               | 1,542.97     | 1,395.80               | 6                     | 5                                | 8                           |
| Carter .....        | 520.00                  | 41.60        |                        | 0                     | 3                                | 7                           |
| Cascade .....       | 202,772.70              | 14,320.27    | 3,070.83               | 2                     | 5                                | 8                           |
| Chouteau .....      | 150,032.11              | 10,416.50    | 5,373.20               | 4                     | 5                                | 7                           |
| Custer .....        | 5,325.00                | 470.02       | 829.02                 | 16                    | 9                                | 8                           |
| Daniels .....       | 164,748.00              | 13,150.32    | 8,559.80               | 5                     | 6                                | 7                           |
| Dawson .....        | 28,485.00               | 1,973.06     | 1,350.25               | 5                     | 8                                | 8                           |
| Fallon .....        | 36,123.82               | 2,649.19     | 1,756.20               | 5                     | 4                                | 7                           |
| Fergus .....        | 20,765.50               | 1,862.63     | 763.80                 | 4                     | 8                                | 9                           |
| Flathead .....      |                         |              |                        | 0                     | 4                                | 6                           |
| Gallatin .....      | 20,038.50               | 1,475.89     | 445.10                 | 2                     | 9                                | 7                           |
| Garfield .....      | 28,935.00               | 2,533.47     | 1,889.88               | 7                     | 8                                | 8                           |
| Glacier .....       | 125,024.25              | 8,697.09     | 1,162.25               | 1                     | 2                                | 7                           |
| Golden Valley ..... | 16,180.00               | 1,614.00     | 2,836.65               | 18                    | 15                               | 10                          |
| Hill .....          | 156,676.00              | 10,928.45    | 2,874.07               | 2                     | 3                                | 7                           |
| Jefferson .....     | 7,710.00                | 538.09       |                        | 0                     | 2                                | 7                           |
| Judith Basin .....  | 7,605.00                | 6,119.99     | 7,210.60               | 9                     | 6                                | 9                           |
| Lake .....          | 290.00                  | 14.14        |                        | 0                     | 0                                | 5                           |
| Lewis & Clark ..... | 5,949.98                | 427.83       | 1,546.13               | 26                    | 4                                | 8                           |
| Liberty .....       | 170,556.50              | 11,910.72    | 2,858.67               | 2                     | 2                                | 7                           |
| McCone .....        | 78,235.00               | 6,090.42     | 16,248.64              | 21                    | 5                                | 7                           |
| Madison .....       | 4,112.20                | 373.04       | 87.20                  | 2                     | 5                                | 6                           |
| Meagher .....       | 5,348.00                | 534.80       |                        | 0                     | 12                               | 9                           |
| Musselshell .....   | 21,288.50               | 2,128.85     | 1,642.25               | 8                     | 16                               | 9                           |
| Park .....          |                         |              |                        | 0                     | 16                               | 9                           |
| Petroleum .....     | 5,800.00                | 515.85       |                        | 0                     | 3                                | 7                           |
| Phillips .....      | 71,418.50               | 5,708.88     | 114.20                 | 0                     | 4                                | 8                           |
| Pondera .....       | 113,527.41              | 8,022.36     | 3,067.31               | 3                     | 7                                | 8                           |
| Powder River .....  | 9,362.60                | 857.11       | 1,468.39               | 16                    | 8                                | 8                           |
| Powell .....        | 560.00                  | 28.00        |                        | 0                     | 1                                | 6                           |
| Prairie .....       | 46,981.00               | 3,513.88     | 2,157.00               | 5                     | 7                                | 7                           |
| Ravalli .....       | 2,685.00                | 182.45       |                        | 0                     | 0                                | 7                           |
| Richland .....      | 56,267.75               | 4,452.16     | 317.50                 | 1                     | 4                                | 8                           |
| Roosevelt .....     | 54,631.83               | 4,370.55     | 535.00                 | 1                     | 4                                | 7                           |
| Rosebud .....       | 3,930.00                | 352.26       | 1,172.00               | 30                    | 5                                | 9                           |
| Sheridan .....      | 63,285.00               | 5,040.60     | 4,719.50               | 7                     | 4                                | 8                           |
| Stillwater .....    | 23,273.00               | 2,307.45     | 2,100.00               | 9                     | 11                               | 10                          |
| Sweet Grass .....   | 3,855.00                | 304.82       |                        | 0                     | 5                                | 9                           |
| Teton .....         | 78,862.82               | 5,683.71     | 672.96                 | 1                     | 2                                | 8                           |
| Toole .....         | 149,282.59              | 12,126.29    | 4,932.07               | 3                     | 5                                | 8                           |
| Treasure .....      | 17,182.00               | 1,673.94     | 2,934.56               | 17                    | 11                               | 8                           |
| Valley .....        | 48,748.00               | 3,910.61     | 4,284.81               | 9                     | 4                                | 8                           |
| Wheatland .....     | 13,472.50               | 1,347.25     | 1,461.75               | 11                    | 10                               | 9                           |
| Wibaux .....        | 114,759.17              | 9,069.04     | 9,420.51               | 8                     | 11                               | 7                           |
| Yellowstone .....   | 40,547.67               | 3,944.21     | 1,875.63               | 5                     | 9                                | 9                           |
|                     | \$2,505,423.42          | \$193,007.04 | \$126,129.67           | 5%                    | 6%                               | 8%                          |

## **19 YEAR SUMMARY** **1920—1938 Inclusive**

|   |                 |
|---|-----------------|
| Total risk written .....                  | \$25,768,150.00 |
| Tax levy .....                            | \$ 2,062,733.00 |
| Number policies issued .....              | 24,376          |
| Total acres insured .....                 | 3,168,824       |
| Average acreage per application .....     | 130             |
| Average risk per acre .....               | \$ 8.13         |
| Losses paid .....                         | \$ 1,607,843.00 |
| Loss ratio .....                          | 6.24%           |
| Aver. cost per \$1000 of protection ..... | \$ 80.05        |
| Number losses adjusted .....              | 5,322           |
| Operating expense ratio .....             | 10.9 %          |

## **ADMINISTRATION ACCOUNT FOR 1938** **January 1 — December 31 inc.**

|   |                    |
|---|--------------------|
| 1. State office salaries and traveling ex-<br>penses (chairman, clerk hire, board<br>members' per diem and expenses .....                           | \$ 5,696.62        |
| 2. General office expense (printing, station-<br>ery, supplies, postage, telephone, tele-<br>graph, equipment, insurance, employees<br>bonds) ..... | \$ 1,874.01        |
| 3. Hail adjusters' per diem and expenses ....   | \$ 4,658.29        |
| 4. Advertising .....  | \$ 256.28          |
| 5. Office rent .....  | \$ 300.00          |
| 6. Collection expense .....   | \$ 846.93          |
| 7. Car and maintenance .....  | \$ 1,292.42        |
|   | <u>\$14,924.55</u> |



## HOW TO GET STATE HAIL INSURANCE

**APPLY TO THE ASSESSOR OF THE COUNTY IN WHICH THE GRAIN TO BE INSURED IS GROWING.**

**Directions for Land Owners.** Owners of land not mortgaged and with taxes not delinquent more than one year may obtain hail insurance by merely filling out an application and filing it with the assessor. He has instructions to receive all such applications and to make the charge for them against the land only. The crop lien provision in the application is not to be used and the application is not to be filed with the county clerk and recorder.

**Directions for Owners of Mortgaged Land or Land with Not More Than One Year's Delinquent Taxes.** If the land taxes are not delinquent more than one year, or if the land is not under foreclosure, the applicant is not required to furnish waivers for crop mortgages of record when hail insurance is issued. However, the application for hail insurance contains a crop lien and is to be filed with the county clerk.

**Directions for Owners of Mortgaged Land or Land with More Than One Year's Delinquent Taxes.** If the land taxes are delinquent more than one year, or if the land is under foreclosure, then waivers must be obtained for crop mortgages of record when hail insurance is applied for, if the crop mortgages are for other purposes than feed or seed.

**Directions for Tenants.** Any tenant may secure State hail insurance by furnishing a crop lien subject only to prior liens for feed and seed. The crop lien is made a part of the application. If prior liens are a bar to insuring, THE TENANT MUST SECURE A WAIVER FROM THE MORTGAGEE RANKING FIRST AFTER FEED OR SEED MORTGAGES AND MUST FILE IT WITH HIS APPLICATION FOR HAIL INSURANCE. The waiver must be for the maximum charge for the hail insurance. Tenants may also secure hail insurance by having the owner of the land sign consent for the hail tax to go against the land. Mortgages for feed or seed require no waivers.

**4% Discount for Cash Payment for Hail Insurance.** When any grain grower pays cash for his hail insurance he will be charged the regular maximum charge for his county, less 4%. If a reduction is made later in the rate for the year he will be refunded the proper amount from the state office at Helena. These applications will not be filed with the County Clerk and Recorder after approval by the assessor.

**Waivers May Delay Hail Insurance.** Grain growers should start early to secure waivers when they know they will be required before hail insurance may be obtained. Failure to do so may result in serious loss by hail during the time the waiver is sought. If any grower has an agreement with the mortgagee to carry hail insurance he should arrange a definite agreement on how the proceeds of any hail loss may be divided.

**When to Insure.** Experience shows that grain crops should not be insured until they start stemming or reach the height of about 6 inches, and then growing conditions should be favorable. The same care should be

taken when insuring special crops. Hail insurance is needed now as badly as in any former year but care should be taken to use it more as a matter of protection than speculation.

**How Much Insurance Per Acre?** For 1939 the Board will allow hail insurance on grain in the various counties for any amount desired up to \$10 per acre. About 80% of those insuring are careful about the amount of protection. We appeal to those who have not been careful, to use greater care for 1939.

**Hail Insurance on Special Crops.** Not more than the amount shown after each of the following crops will be written per acre for 1939:

|                           |      |                        |      |
|---------------------------|------|------------------------|------|
| Beans, irrigated .....    | \$20 | Sweet Clover Seed..... | \$10 |
| Beans, non-irrigated .... | \$ 7 | Alfalfa Seed .....     | \$12 |
| Peas .....                | \$20 | Mustard and Corn.....  | \$12 |
| Potatoes .....            | \$20 | Sugar Beets .....      | \$20 |

**Reduced Rates in Case of Crop Failure.** When any insured crop is badly damaged or destroyed by other means than hail, the hail insurance may be terminated and the cost of the insurance will be reduced as shown by paragraphs 17 and 18 on the application and policy. Application for reduction must be made to the state office at Helena.

**Adjustment of Losses.** When any grower is sure his insured grain has suffered loss exceeding 5% he should promptly report his loss to the state office at Helena. An experienced adjuster will examine the grain within about a week. The adjusters are farmers who understand the effect of hail on grain and will give each claim very careful consideration. Haste in reporting losses at harvest time is urged.

**Payment of Losses.** The hail insurance law provides that within 40 days of the occurrence of the loss, payment shall be made as follows: One-half the amount of the adjustment, less the amount owed for hail insurance, shall then be sent the insured. The final payment will be made as soon as practical after the close of the hail season. In recent years the first payment has been made in August and final payments mostly in September or in October.

**Montana State Hail Insurance Is a Mutual Fund.** All money paid into the fund is used for hail insurance purposes only. A small part is used for operating expenses and the balance is used for payment of losses as needed. All losses have been paid in full from 1919 to 1938, inclusive. Payment of 1939 losses is backed by the cash on hand, collections from 1939 policies and collections from delinquent accounts. These sources are more than sufficient to pay all losses in full, unless they should greatly exceed those of any former year.

## CASH PAYMENT FOR HAIL INSURANCE

During recent years there has been a large increase in the percentage of growers who pay cash for their insurance. There are two good reasons. It does away with securing waivers of crop mortgages. Also a discount of 4% is allowed which is a big additional saving.

When cash is paid for hail insurance the grower has full control of the money paid him for hail losses.

Cash payment for hail insurance is of special value to those who have Production Credit or Resettlement loans. Growers who have these loans and who desire hail insurance should take the matter up with the proper agency.

Hail continues to be one of the main hazards of the grain growers. They should carry a reasonable amount of hail insurance and pay cash for it if at all possible.

### MEMBERS OF STATE BOARD OF HAIL INSURANCE

E. K. Bowman, Chairman, Bozeman

P. J. Anderson, Acting Chairman, Helena

J. T. Sparling, Secretary, Commissioner of Agriculture

Ray N. Shannon, member, State Treasurer

B. J. Anderson, member, Circle

It is the duty of county assessors to furnish grain growers with full information regarding State hail insurance. This folder is issued for the purpose of assisting them in furnishing it.

HAIL INSURANCE IS A NECESSARY COST  
OF RAISING GRAIN

Issued by

STATE BOARD OF HAIL INSURANCE

Helena, Montana

